

PROPERTY ASSESSMENT APPEAL BOARD
FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER

PAAB Docket No. 2019-029-00059R

Parcel No. 10-25-226-002

Larry W Matteson,

Appellant,

vs.

Des Moines County Board of Review,

Appellee.

Introduction

This appeal came on for hearing before the Property Assessment Appeal Board (PAAB) on November 22, 2019. Larry Matteson was self-represented. Assistant County Attorney Todd Chelf represented the Des Moines County Board of Review.

The Larry and Mary Matteson Revocable Trust (Matteson) owns a residential property located at 10828 Memorial Park Road, Burlington. The subject's 2019 assessment was \$801,600, allocated as \$132,800 in land value and \$668,800 in dwelling value. (Ex. B).

Matteson petitioned the Board of Review claiming the property's assessment was not equitable under Iowa Code § 441.37(1)(a)(1) (2019). The Board of Review denied the petition. (Ex. B).

Matteson then appealed to PAAB re-asserting his claim. But the written statement on the appeal also asserts that his property is assessed for more than authorized by law. § 441.37(1)(a)(2). At hearing, Matteson acknowledged this was his sole claim before PAAB.

General Principles of Assessment Law

PAAB has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A. PAAB is an agency and the provisions of the Administrative Procedure Act apply to it. Iowa Code § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). PAAB may consider any grounds under Iowa Code section 441.37(1)(a) properly raised by the appellant following the provisions of section 441.37A(1)(b) and Iowa Admin. Code Rule 701-71.126.2(2-4). New or additional evidence may be introduced, and PAAB considers the record as a whole and all of the evidence regardless of who introduced it. § 441.37A(3)(a); *see also Hy-Vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005). There is no presumption that the assessed value is correct, but the taxpayer has the burden of proof. §§ 441.21(3); 441.37A(3)(a). The burden may be shifted; but even if it is not, the taxpayer may still prevail based on a preponderance of the evidence. *Id.*; *Compiano v. Bd. of Review of Polk Cnty.*, 771 N.W.2d 392, 396 (Iowa 2009)(citation omitted).

Findings of Fact

The subject is a 22.8-acre site improved with a one-story home built in 2010. The residence has 3865 square feet of gross living area, a full walk-out basement with 2750 square feet of living-quarters quality finish, a patio, two porches, and an 1188 square-foot attached garage. The dwelling is listed as superior-quality construction (1-10 grade) in normal condition. The dwelling has 15% physical depreciation with an additional 15% functional obsolescence applied to its assessment. On the property there is also a 3200 square-foot detached garage, built in 2011, with 960-square feet of unfinished second floor, and a small shed. (Ex. A).

Matteson believes other homes in subject's immediate area have a negative effect on the market appeal of his property. In support of his claim, Matteson submitted pictures of nearby properties testifying they are in very poor condition and have low assessments. (Exs. 1-13). We find the property located across the street from the subject to be the most compelling of his photographs. (Ex. 1). He testified this property has been vacant for several years and the photograph shows it is inferior in quality, size, and condition compared to his home. We also find the remaining photographs

show nearby properties are significantly inferior in quality compared to the subject. (Exs. 1-13). Matteson acknowledged he cannot see any of these properties from his residence due to his wooded site. He asserted that having sold property in the past he knows that not every person would like his secluded site. Matteson also believes that while his property has a large site it is not very usable because it has a “lot of goat hills and timber.” He asserted the comparables have smaller sites but are more usable.

Matteson referenced two nearby properties located at 11235 Memorial Park Road that sold in 2015 for \$450,000; and 11239 Memorial Park Road that sold in 2017 for \$435,000. (Appeal & Ex. D).¹ Matteson reported that each of these properties’ 2019 assessments increased 28.7% and 12.9% from their 2018 assessed values. He does not believe Des Moines County properties should have such increases and that it is one of the poorest counties with a declining and aging population.

In his opinion, his property should be assessed for \$495,000.

Matt Warner, Des Moines County Assessor, testified on behalf of the Board of Review explaining the County’s reassessment process for the 2019 assessment year. Warner acknowledged that there are various types of properties surrounding Matteson’s. He indicated there are some lots that are very desirable and secluded as well as some older homes that are not as desirable in the neighborhood.

Warner indicated the property is a higher-end home in the County and places its value in approximately the top 10%. He noted the availability of comparable sales correspondingly shrinks for properties like this. The Board of Review submitted nine sale comparables, which it adjusted for differences between them and the subject property. In Warner’s opinion, these sales are the best comparables available to support subject’s market value and assessment.

The following table summarizes these sales. (Exs. Amended D-K).

¹ The Board of Review included both of these sales in its analysis. They are listed in the Table as Sales 2 and 9.

| Property | Site Size (Acres) | Year Built | Gross Living Area (SF) | Basement Finish | Date of Sale | Sale Price (SP) | Adjusted SP |
|---------------------------------------|-------------------|------------|------------------------|-----------------|--------------|-----------------|--------------------------|
| Subject | 22.8 | 2010 | 3865 | 2750 | N/A | NA | NA |
| 1 – 5559 Oak Hills Dr | 1.72 | 2002 | 2891 | 2000 | Oct-17 | \$560,000 | \$806,010 |
| 2 – 11235 Memorial Park Rd | 11.3 | 2005 | 4771 | 1975 | Apr-15 | \$450,000 | \$695,024 |
| 3 – 604 Park Place | 0.673 | 2007 | 3035 | 1600 | Jun-19 | \$507,500 | \$817,467 |
| 4 – 3500 Hillcrest Dr | 9.53 | 1973 | 2841 | 1650 | Nov-17 | \$500,000 | \$780,068 |
| 5 – 5548 Fairway Dr | 0.51 | 2011 | 2206 | 1650 | Jun-18 | \$570,000 | \$844,572 |
| 6 – 1001 Monticello Dr | 0.727 | 1997 | 2679 | 1200 | Jun-19 | \$495,000 | \$829,641 |
| 7 – 21757 110th St | 8.17 | 2015 | 2220 | 1400 | Mar-18 | \$545,000 | \$846,114 |
| 8 – 10393 Golf Course Rd ² | 22.39 | 2005 | 2451 | 1850 | Oct-15 | \$925,000 | \$1,053,570 ³ |
| 9 – 11239 Memorial Park Rd | 3.51 | 2009 | 3296 | Unknown | Dec-17 | \$435,000 | \$810,627 |

The Board of Review adjusted the sales for differences between them and the subject property and concluded a value range of \$695,024 to \$1,053,570. (Ex. J). Facially, the adjustments appear to be reasonable but were not fully explained. There appear to be some minor inconsistencies, likely because they were made using cost adjustments from the IOWA REAL PROPERTY APPRAISAL MANUAL or other cost factors. We further note the net adjustments are very large and range between \$245,024 and \$375,627.

Matteson's two comparables, Sales 2 and 9, are two-story homes. The remaining sales are all one-story homes like the subject property. Because there are numerous one-story homes in the record, we do not find the two-story properties to be the best comparables for analysis.

Sales 1 and 5 are located in a golf course development with golf course views. Matteson was critical of some of the comparables being in golf course developments with superior market appeal. He asserts all of the comparables used by the County were located either in the Spirit Hollow Golf development or the Westbrook Estates development. He asserts these homes and developments are superior to his. However, he gave no support for his assertion.

² This property is classified agricultural realty for assessment, the land is valued as agricultural land using the productivity and net earning capacity formula; outbuildings on the property would also receive the ag building factor.

³ The Board of Review submitted an adjusted SP for Property 8 of \$1,175,470. The Adjusted SP above reflects the removal of an upward \$121,900 adjustment made by the Board of Review for Land (SF). Both properties have similar Land SF and the adjustment is made to reflect Land Assessment differences due to Exhibit K's Agricultural Classification.

Only Sale 8 is on a similar sized site as the subject property: It sold in 2015 for \$925,000. This property has two outbuildings and a pool, but is nearly 1400 square feet smaller in living area, has 900 square feet less basement finish, and is 5 years older than the subject. The Board of Review considers the subject superior to Sale 8.

Reviewing all of these properties, we note that Matteson's site is the largest and his home is one of the newest with the most GLA and basement finish.

Analysis & Conclusions of Law

Matteson contends the subject property is over assessed as provided under Iowa Code section 441.37(1)(a)(2).

Although there is no presumption the assessed value is correct, Matteson bears the burden of proving his claim by a preponderance of the evidence. §§ 441.21(3), 441.37A(3)(a); *Compiano v. Bd. of Review of Polk County*, 771 N.W.2d 392, 396-97 (Iowa 2009) (citations omitted).

In an appeal alleging the property is assessed for more than the value authorized by law under Iowa Code section 441.37(1)(a)(2), the taxpayer must show: 1) the assessment is excessive and 2) the subject property's correct value. *Soifer v. Floyd Cnty. Bd. of Review*, 759 N.W.2d 775, 780 (Iowa 2009) (citation omitted). Sale prices of property or comparable properties in normal transactions are to be considered in arriving at market value. § 441.21(1)(b). Sale prices of property in abnormal transactions not reflecting market value shall not be taken into account or shall be adjusted to account for market distortion. *Id.*

Matteson submitted photographs of neighboring properties that are smaller, inferior in quality, and with lower values, arguing as a result that these neighboring properties reduce the market appeal and value of his property. He believes this demonstrates his property is over assessed.

The Board of Review submitted nine sales including two properties Matteson identified. The Board of Review adjusted these sales to account for differences between them and the subject to indicate a range in value from \$695,024 and \$1,175,470. Two of the sales are two-story properties and we found they are the least similar to

Mattesons; one of these, the property at 11235 Memorial Park Road also appears to be an outlier in this array of adjusted sale prices.

Based on the evidence, it appears that Matteson's property sets the upper end of size, quality, and price range for the area, and his home may be an over-improvement compared to the immediate, nearby properties. Nevertheless, it appears there are other large homes in the market area. After adjustments, the comparables reasonably support the subject's assessed value. We further note that 10393 Golf Course Road's unadjusted sale price is greater than the subject's assessed value; it has a similar sized site but smaller home with less GLA and basement finish.⁴

Ultimately, Matteson has not submitted any adjusted sales, a credible CMA, or appraisal, which are typical methods of supporting a market value for real property.

Viewing the record as a whole, we find Matteson has failed to show his property is over assessed.

Order

PAAB HEREBY AFFIRMS the Des Moines County Board of Review's action.

This Order shall be considered final agency action for the purposes of Iowa Code Chapter 17A.

Any application for reconsideration or rehearing shall be filed with PAAB within 20 days of the date of this Order and comply with the requirements of PAAB administrative rules. Such application will stay the period for filing a judicial review action.

⁴ This property's assessment is lower than the subject's due in large part to the fact that it is classified as agricultural realty and the land is assessed using the productivity and net earning capacity formula.

Any judicial action challenging this Order shall be filed in the district court where the property is located within 30 days of the date of this Order and comply with the requirements of Iowa Code section 441.37B and Chapter 17A.19 (2019).



Dennis Loll, Board Member



Karen Oberman, Board Member



Elizabeth Goodman, Board Member

Copies to:

Larry Matteson by eFile

Des Moines County Board of Review by eFile